

BUSINESS

Wayzata firm to expand N.D. rail terminal for Bakken crude oil

Dakota Plains Holdings of Wayzata and a partner are spending \$50 million to build looped tracks to rapidly load trains.

By Justin Miller () Star Tribune APRIL 30, 2013 — 4:54PM

To keep up with booming shipments of crude oil by railroad, Wayzata-based Dakota Plains Holdings Inc. said Friday it has begun a \$50 million expansion of its crude oil loading facility in New Town, N.D., to rapidly load trains of up to 120 tank cars.

The project, undertaken with joint-venture partner Petroleum Transport Solutions, will add looped tracks for easier loading, boosting daily throughput capacity from 30,000 barrels to 80,000 barrels.

Dakota Plains President Gabe Claypool said the Pioneer Project also adds more storage, giving the company more flexibility with truck deliveries. It also will open the door for crude oil deliveries from future short-range pipelines, Claypool said.

Dakota Plains estimates the project will be complete by December.

North Dakota, now the second-largest oil-producing state behind Texas, has a shortage of pipelines to carry crude to market. Justin Kringstad, director of the North Dakota Pipeline Authority, said 68 percent of the crude oil production in the state was transported by rail in January.

East, west and south

"We've got oil moving to the East Coast, to the West Coast, and all the way down to the Gulf Coast," Kringstad said. "So we're covering all corners of the U.S., and the rail transportation has allowed us to do that."

Dakota Plains' terminal is linked to the Canadian Pacific Railway, whose tracks also run through the Twin Cities. The company has seen crude-by-rail traffic soar to 53,000 tank car loads last year, compared with 500 in 2009.

"Through Canadian Pacific's network and rail connections, our railroad offers rail-direct service from the Bakken to key refining markets anywhere in North America," said Canadian Pacific spokesman Ed Greenberg. "The Pioneer Project expansion clearly demonstrates the unique advantage rail offers in moving oil. Furthermore, rail is scalable, which allows our customers flexibility to scale our operations consistent to what a customer needs."

The New Town facility is in its fourth year of operations, and also includes trucking and marketing of crude oil. Its venture partner is a unit of World Fuel Services Corp., a publicly traded global petroleum marketing and services company based in Miami.

On Thursday, Dakota Plains reported lower fourth-quarter earnings, \$1.8 million compared with \$3 million a year ago. It attributed the decline to expenses tied to engaging a new contractor to manage the New Town terminal.

Its stock closed Friday at \$3.80, unchanged for the day.

Justin Miller is a University of Minnesota journalism student on assignment for the Star Tribune.



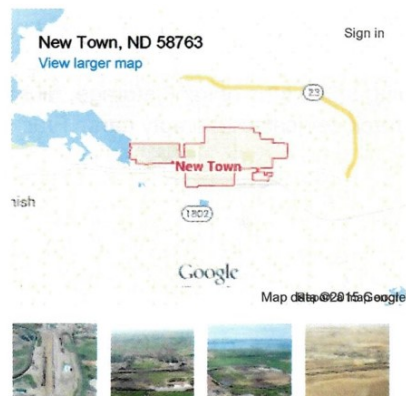
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An architect's rendering shows the \$50 million expansion of a crude oil loading facility in New Town, N.D., by Dakota Plains Holdings of

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OPERATIONS

PIONEER TERMINAL



In 2009, Dakota Plains completed its initial acquisition and build out of its New Town, North Dakota transloading facility. The transloading facility is connected to the Canadian Pacific Railway. In 2011 we doubled the size of our facility and brought the on-site tank car capacity to 160. We continued adding land, taking our terminal to approximately 200 acres today. In 2013, the terminal had nearly \$70M in CAPEX projects, building state of the art crude oil and frac sand operations. Dakota Plains manages all aspects of the operations at the Pioneer Terminal.

CRUDE OIL OPERATIONS



Dakota Plains crude oil operations are based around two 8,500 foot loop tracks each capable of 120 car unit trains, 180,000 barrels of crude oil storage, a high speed loading facility that can accommodate 10 rail cars simultaneously, two active gathering system pipelines and transfer stations to receive crude oil from 10 trucks simultaneously. We implemented leading edge fire suppression, spill remediation and backup power generation solutions. Our terminal has also deployed industry leading automated terminal metering and accounting systems. We have commenced construction on the third 90,000 barrel storage tank, which should be operational in the Summer of 2015, enabling the terminal maintain its nameplate capacity of 80,000 barrels per day.

FRAC SAND OPERATIONS



Dakota Plains executed an agreement with UNIMIN Corporation to construct a 750,000 ton per year frac sand automated terminal in Q3 2013. UNIMIN is one of the world's leading producer of quartz proppants, and this terminal connects its largest frac sand mine, Tunnel City, Wisconsin. UNIMIN funded the project building 8,000 tons of sand storage, four new ladder tracks with the capacity to land 70 loaded railcars and one track dedicated to empty cars. Frac sand operations commenced in Q1 2014.

INDUSTRIAL ZONE

The Pioneer Terminal has over 70 acres of industrial-zoned space within the double loop track and would be ideal for a laydown yard or bulk storage. Access is via a secured entry/exit point and the land has been brought to grade. The land is raw, ideal for building to suit. The space is available for long-term leasing, and ideal for shippers wanting access to rail. The Pioneer Terminal's four ladder tracks, representing 10,000 feet of useable capacity, had previously been used for crude oil. With the Pioneer Terminal expansion (double loop track) now complete, Dakota Plains is ready to utilize of these ladder tracks and build out the industrial yard.

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